



Republican Policy Committee

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Whoops!

Clinton's New Budget Chock Full O' Deficits; Plan Leaves Nation Adrift on a Sea of Debt

- Last week, the President unveiled a new budget plan to the Nation that he insisted would balance the federal budget by FY 2005. He's provided scant detail, but the Congressional Budget Office — which the President told the nation in 1993 was the yardstick by which to measure federal budgets — has come to some preliminary conclusions.
- **CLINTON'S LATEST PLAN STILL PERPETUATES \$200 BILLION DEFICITS AS FAR AS YOU CAN SEE.**
 - ▶ While the Administration insists the latest plan hits balance in FY 2005, CBO's estimate of their assumptions finds them wide of the mark (deficits in billions):

Year	Clinton II	CBO Reestimate
1996	\$183	\$196
1997	194	212
1998	169	199
1999	156	213
2000	135	220
2001	116	211
2002	85	210
2003	54	207
2004	21	209
2005	-18	209

- ▶ So, here we are four months after the first budget submission (Clinton I), and his first five years of deficit reduction are only marginally better. [See attached chart.]
- **THE CLINTON PLAN RACKS UP NEARLY \$2.1 TRILLION IN NEW DEBT.**
 - ▶ This debt will result in lower living standards, and higher interest rates, for the next generation.
 - ▶ Rather, we should be getting to balance. Only then will we see interest rates dropping by up to 2 percent, the creation of over 6 million jobs in 10 years, and an increase in per capita incomes by over 16 percent.
 - ▶ But, the President's plan perpetuates imbalance, which threatens our future.

• **CLINTON II CUTS JUST \$2 BILLION FROM DISCRETIONARY SPENDING IN CLINTON I.**

- According to the President's own figures from OMB, his proposal last week (Clinton II) appears to make no hard decisions about discretionary spending in the next five years, compared to Clinton I (domestic discretionary spending in billions):

Year	Clinton I	Clinton II
1996	\$549	\$547
1997	548	545
1998	540	541
1999	543	545
2000	550	550
TOTAL	\$2,730	\$2,728

• **CLINTON II BACKLOADS CUTS IN BACKBREAKING FASHION.**

- Repeating a pattern set in his 1993 plan, when President Clinton postponed the vast majority of his small discretionary spending cuts package until after the 1996 campaign season, the plan presented last week also backloads spending reductions until after 2000 — when the President, no doubt thinking optimistically, has left office.

Year	Discretionary Cuts	Percentage	Mandatory Cuts	Percentage
1996	\$5	.9	\$11	2.4
1997	8	1.6	16	3.4
1998	16	3.2	22	4.7
1999	30	5.9	26	5.6
2000	45	8.9	35	7.5
2001	53	10.5	46	9.9
2002	62	12.3	62	13.3
2003	79	15.6	70	15.1
2004	94	18.6	82	17.6
2005	112	22.2	95	20.4
1996-00	104	21	110	24
2001-05	400	79	355	76
TOTAL	505	100.0	465	100.0

[Source: CBO; details may not add due to rounding.]

• **ACCORDING TO CLINTON'S OWN NUMBERS, TAX INCREASES (CORPORATE WELFARE) AND INTEREST SAVINGS ACCOUNT FOR 46 PERCENT OF THE PRESIDENT'S "NEW" DEFICIT REDUCTION.**

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THE PRESIDENT'S NEW BUDGET

Tax increases (corporate welfare) and interest savings account for 46% of the President's "new" deficit reduction.

	CLINTON PLAN 1	CLINTON PLAN 2	CHANGE	% of total Change
Domestic Discretionary	(198)	(197)	1	-0%
Defense Discretionary	0	(3)	(3)	1%
Social Security	0	0	0	0%
Medicare	(28)	(127)	(99)	27%
Medicaid	1	(54)	(55)	15%
Farm Programs	(3)	(4)	(1)	0%
Veterans Programs	(6)	(6)	0	0%
Welfare Reform	(4)	(38)	(34)	9%
Other Mandatory	(4)	(12)	(8)	2%
Net Interest	(27)	(172)	(145)	39%
TOTAL OUTLAYS	(269)	(613)	(344)	93%
Tax Cuts	96	96	0	0%
Tax Increases (corporate welfare)	0	(25)	(25)	7%
REVENUES	96	71	(25)	7%
DEFICIT IMPACT	(173)	(542)	(369)	100%

Change from the OMB deficit baseline, 1996-2002

Tax cuts are displayed as positive numbers and tax increases are displayed as negative numbers because of their deficit impact.

Source: OMB documents

Billions of dollars.

BUDGET PLAN COMPARISON

(change from the OMB deficit baseline, 1996-2002)

	CLINTON PLAN 1	CLINTON PLAN 2	SENATE PASSED	HOUSE PASSED
Domestic Discretionary	(198)	(197)	(522)	(463)
Defense Discretionary	0	(3)	(24)	43
Social Security	0	0	0	0
Medicare	(28)	(127)	(254)	(286)
Medicaid	1	(54)	(176)	(187)
Farm Programs	(3)	(4)	(12)	(17)
Veterans Programs	(6)	(6)	(10)	(6)
Welfare Reform	(4)	(38)	(116)	(131)
Other Mandatory	(4)	(12)	(59)	(41)
Net Interest	(27)	(172)	(346)	(272)
TOTAL OUTLAYS	(269)	(613)	(1,519)	(1,360)
Tax Cuts	96	96	0	340
Tax Increases (corporate welfare)	0	(25)	(9)	(25)
REVENUES	96	71	(9)	315
DEFICIT IMPACT	(173)	(542)	(1,528)	(1,045)

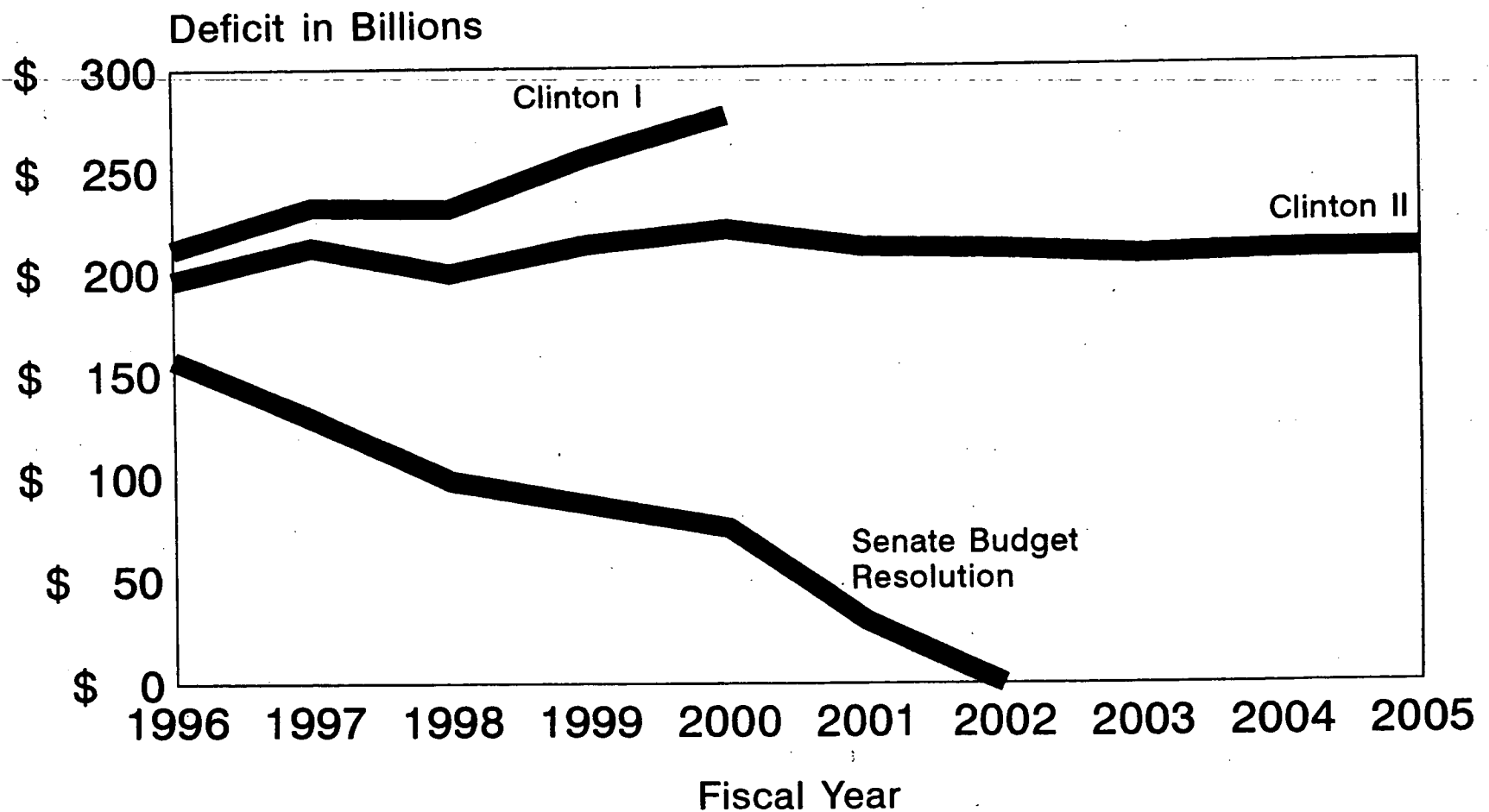
Tax cuts are displayed as positive numbers and tax increases are displayed as negative numbers because of their deficit impact.

Source: OMB documents

Billions of dollars.

Clinton Budgets Don't Balance

Deficit Projections Under Administration's
Two Budgets and Senate Budget Resolution



Source: CBO